



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 8
999 18TH STREET - SUITE 300
DENVER, CO 80202-2466
<http://www.epa.gov/region08>

DOCKET NO.:SDWA-08-2003-0071

IN THE MATTER OF:

EOG RESOURCES, INC.

Respondent

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FINAL ORDER

Pursuant to 40 C.F.R. § 22.18, of EPA's Consolidated Rules of Practice, the Consent Agreement resolving this matter is hereby approved and incorporated by reference into this Final Order. The Respondents are hereby ORDERED to comply with all of the terms of the Consent Agreement, effective immediately upon receipt by Respondents of this Consent Agreement and Final Order.

April 23, 2004

DATE

SIGNED

Alfred C. Smith
Regional Judicial Officer



**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

Docket No.: SDWA-08-2003-0071

In the Matter of:)	
)	
EOG Resources, Inc.)	CONSENT AGREEMENT
)	
Respondent.)	

Complainant, United States Environmental Protection Agency, Region 8 (EPA), and Respondent EOG Resources, Inc. (EOG), by their undersigned representatives, hereby consent and agree as follows.

BACKGROUND

1. EPA issued to EOG a Proposed Administrative Order with Administrative Civil Penalty and Notice of Opportunity to Request a Hearing (PAO) filed on September 29, 2003, alleging certain violations of Part C of the Safe Drinking Water Act (SDWA), 42 U.S.C. § 300h et seq., relating to underground injection controls (UIC).

2. The PAO alleged that EOG violated the SDWA by (a) exceeding the maximum allowable injection pressure at the Natural Buttes Unit 21-20B SWD (NBU) well, (b) failing to file a complete annual monitoring report for the NBU well, and (c) failing to properly report required data relating to the NBU well's monthly maximum injection pressure levels in four

Annual Monitoring Reports. The location of the NBU well is inside the exterior boundaries of the Uintah and Ouray Indian Reservation, Duchesne County, Utah.

3. To resolve this matter, the parties agree to a settlement requiring the expenditure by EOG of a payment in the amount of \$22,500.00 (twenty-two thousand, five hundred dollars). EPA finds this penalty amount is appropriate, taking into consideration the statutory factors in Section 1423(c)(4)(B) of the SDWA; the UIC Penalty Policy; EOG's agreement to perform a Supplemental Environmental Project (SEP) and other relevant factors. The penalty shall not be tax deductible by EOG.
4. EOG admits that EPA has the jurisdictional authority to issue the PAO and settle this case pursuant to this Consent Agreement, but does not confirm or deny the remaining allegations, including the findings and alleged violations.
5. This Consent Agreement applies to and is binding upon EPA and upon EOG and EOG's successors and assigns. Any change in ownership or corporate status of EOG including, but not limited to, any transfer of assets of real or personal property shall not alter EOG's responsibilities under this agreement.
6. EOG waives its right to contest any issue of law or fact set forth in the PAO and knowingly agrees to waive its right to a hearing on this matter under section 1423(c)(3)(a) of the SDWA, 42 U.S.C. 300h-2(c)(3)(a), and to appeal this matter under SDWA section 1423(c)(6), 42 U.S.C. 300h-2(c)(6).

TERMS OF SETTLEMENT

Civil Penalty

7. EOG consents to the issuance of the Consent Agreement and for the purposes of settlement to the payment of the above-cited civil penalty and to the performance of the SEP more fully described below in paragraph 12, below.
8. EOG shall, not more than 30 (thirty) calendar days after the date of the signed Final Order in this matter, submit a cashier's or certified check in the amount of amount of \$22,500.00 (twenty-two thousand, five hundred dollars), payable to "Treasurer, United States of America" to:

EPA - Region 8
Regional Hearing Clerk
Post Office Box 360859
Pittsburgh, Pennsylvania 15251.

9. A copy of the check identified in paragraph 8 shall be simultaneously mailed to the following addresses:

Tina Artemis, Regional Hearing Clerk
U.S. EPA, Region 8 (8RC)
999 18th Street, Suite 300
Denver, Colorado 80202-2466

Jim Eppers, Senior Enforcement Attorney
U.S. EPA, Region 8 (8ENF-L)
999 18th Street, Suite 300
Denver, Colorado 80202-2466.

10. EOG further agrees and consents that if EOG fails to pay the penalty in accordance with the terms of paragraph 9, the

amount of \$57,088.00 (fifty-seven thousand, eighty-eight dollars) less any payments made, if any, shall be due and owing. Interest on this amount shall accrue at the rate established by the Secretary of the Treasury pursuant to 31 U.S.C. §3717. A late payment charge of twenty dollars (\$20.00) shall be imposed after the first 30 calendar days that the payment, or any portion thereof, is overdue, with an additional charge of fifteen dollars (\$15.00) imposed for each subsequent 30-day period until the payment due is made.

11. The penalty specified in paragraph 8 above shall represent civil penalties assessed by EPA and shall not be deductible for purposes of Federal taxes.

Supplemental Environmental Project

12. SEP Description

EOG shall undertake the performance of the SEP described in Exhibit A (hereby referenced and incorporated herein as Exhibit A), which the parties agree is intended to provide environmental benefit to the area in the vicinity of where the violations alleged by EPA in the PAO took place. The total expenditure for the SEP shall not be less than \$77,500.00 (seventy-seven thousand, five hundred dollars).

13. EOG hereby certifies that, as of the date of this Consent Agreement, EOG is not required to perform or develop the SEP by any federal, state or local law or regulation; nor is EOG required to perform or develop the SEP by agreement, grant or as injunctive relief in this or any other case or in

compliance with state or local requirements. EOG further certifies that it has not received, and is not presently negotiating to receive, credit in any other enforcement action for the SEP.

14. Any public statement, oral or written, made by EOG making reference to the SEP shall include the following language, "This project was undertaken in connection with the settlement of an enforcement action taken by the U.S. Environmental Protection Agency for alleged violations of the SDWA."
15. EOG shall provide to EPA written notification and evidence that it has deposited the SEP expenditure of \$77,500.00 (seventy-seven thousand, five hundred dollars) into the escrow account described in Exhibit A. This written notification shall be provided by EOG to EPA within 7 (seven) calendar days of the deposit.
16. EOG shall submit all notices and reports required by this Consent Agreement by first class mail to:

Carol Bowden
U.S. EPA Region 8 (8ENF-UFO)
999 18th Street, Suite 300
Denver, CO 80202-2466.

GENERAL PROVISIONS

17. This Consent Agreement contains all the terms of the settlement agreed to by the parties.

18. Nothing in this Consent Agreement shall relieve EOG of the duty to comply with the SDWA and its implementing regulations.
19. Failure by EOG to comply with any of the terms of this Consent Agreement shall constitute a breach of the agreement and may result in referral of the matter to the Department of Justice for enforcement of this agreement and for such other relief as may be appropriate.
20. Nothing in this Consent Agreement shall be construed as a waiver by the EPA of its authority to seek costs or any appropriate penalty associated with any collection action instituted as a result of EOG's failure to perform pursuant to the terms of this Agreement.
21. The undersigned representative of EOG certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Agreement and to bind EOG to those terms and conditions.
22. Each party shall bear its own costs and attorneys fees in connection with this matter.
23. The parties agree to submit this Consent Agreement to the Regional Judicial Officer, with a request that it be incorporated into a Final Order.
24. This Consent Agreement, upon incorporation into a Final Order by the Regional Judicial Officer and full satisfaction by the parties, shall be a complete and full civil

settlement of the specific violations alleged in the PAO.

EOG Resources, Inc.

Date: 4/21/04 By: SIGNED
Kurt Doerr
Vice President and General Manager

**U.S. ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

Date: 4/22/04 By: Eddie A. Sierra for/
Carol Rushin
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

Exhibit A to Consent Agreement between EPA and EOG Resources, Inc. (EOG)

Docket No. SDWA-08-2003-0071

Supplemental Environmental Project (SEP) Description

EOG shall, within 15 (fifteen) calendar days of receiving a signed Final Order in this matter, remit a cashier's or certified check in the amount of \$77,500.00 (seventy seven thousand five hundred dollars), payable to the Wells Fargo Bank West, National Association (Bank), for deposit into the U.S. Environmental Protection Agency, Region VIII/The Ute Indian Tribe Escrow, account no. 12190500, established by EPA and the Tribe to clean-up and permanently close the Chapoose Commercial Oil Disposal Facility (Chapoose Facility), located on tribal trust land within the exterior boundaries of the Uintah and Ouray Indian Reservation, Duchesne County, Utah, in January 2002.

EOG may remit the funds to the Bank by electronic wire transfer pursuant to wiring instructions provided by the Bank. Escrowed funds may be released by the Bank, in its capacity as escrow agent pursuant to the escrow instructions, to the Tribe for approved clean-up and/or closure tasks pertaining to the Chapoose Facility cleanup project. The funds shall be released on a quarterly basis following a) receipt of written request from the Tribe for the release of a specific dollar amount of funds for use on the Chapoose Facility cleanup project; and b) receipt of a copy of a letter from EPA or the Bureau of Indian Affairs (BIA) or both to the Tribe, agreeing that said funds are necessary and meet the release provisions set forth in the memorandum of agreement between the Tribe, EPA and BIA.

For purposes of this SEP and the escrow account referenced herein, the appropriate Bank contact and address is as follows:

JoAnn Williams, Escrow Agent
Corporate Trust and Escrow Services
Wells Fargo Bank West, National Association
1740 Broadway, MAC C7301-024
Denver, CO 80274
Telephone: (303) 863-6261
Facsimile: (303) 863-5645

EPA contractor Tetra Tech EM, Inc., is responsible for organizing and overseeing the Chapoose Facility clean-up and closure.

The amount of \$77,500.00 provided by EOG pursuant to this Consent Agreement will be used in a particular phase of the clean-up called "Management of Waste Oil in Pits." This phase of the project entails the removal, transportation and disposal of waste oil from the Chapoose facility. It is anticipated that this phase will be completed by the end of the Summer, 2004. EOG's funds will be expended on 15,500 barrels of waste oil removed, transported and disposed of based on a per barrel cost of \$5.00. Following removal, transportation and proper disposal of the 15,500 barrels of waste oil, EPA shall notify EOG in writing and deem EOG's SEP obligation to have been wholly satisfied.

If, for any reason, the "Management of Waste Oil in Pits" phase of the overall project is completed without removing, transporting and disposing of all 15,500 barrels of waste oil, the remainder of EOG's SEP funds shall be dedicated to another phase or phases of the cleanup project with no continuing liability. In this event, EPA will notify EOG in writing of the project's status and deem EOG's SEP obligation to have been wholly satisfied.

Lastly, EPA will provide EOG written notice if the entire project is completed without expending the total amount of EOG's SEP obligation. In this instance, the remaining EOG funds in escrow shall be returned to EOG. No later than 15 (fifteen) calendar days following receipt of these funds, EOG shall remit this amount to the U.S. Treasury in accordance with the requirements of paragraph 8 of this Consent Agreement.

EOG does not assume any liability for the overall Chapoose Facility clean-up or closure by agreeing to participate in this SEP and shall not be considered an operator of or a generator at the Chapoose Facility.

CERTIFICATE OF SERVICE

The undersigned certifies that the original of the attached **CONSENT AGREEMENT/FINAL ORDER** in the matter of **EOG RESOURCES, INC., DOCKET NO.: SDWA-08-2003-0071** was filed with the Regional Hearing Clerk on April 23, 2004.

Further, the undersigned certifies that a true and correct copy of the document was delivered to James H. Eppers, Enforcement Attorney, U.S. EPA - Region 8, 999 18th Street - Suite 300, CO 80202-2466. True and correct copies of the aforementioned document was placed in the United States mail certified/return receipt on April 23, 2004 to:

Zach C. Miller
Davis Graham and Stubbs LLP
1550 Seventeenth Street, Suite 500
Denver, CO 80202

April 23, 2004

SIGNED

Tina Artemis
Regional Hearing Clerk

**THIS DOCUMENT WAS FILED IN THE REGIONAL HEARING CLERK'S OFFICE
ON APRIL 23, 2004.**